

**Committee on Financial Services**

**“Federal and State Enforcement of Financial Consumer and Investor  
Protection Laws”**

**March 20, 2009 – 10:00am**

*Statement of Congressman Elijah E. Cummings*

Thank you, Mr. Chairman:

I have spent a lot of time in this Committee room this week, and I appreciate the chance to return today.

I thank Chairman Frank for his tireless leadership on efforts to protect consumers – and I also thank Subcommittee Chairman Kanjorski for convening this week’s hearing on AIG.

From the instant the decision was made to inject taxpayer dollars into the private capital markets, I have beaten a drum for the rights of our nation’s “involuntary investors.”

I applaud the work that your Committee has done to uphold and strengthen consumer and investor protections for our constituents.

From quote “loss mitigation” consultants to corporate bonuses and retention payments, we’ve seen too many examples of our hard-working constituents getting taken advantage of at a time when many are truly desperate.

I’m happy that the committee will hear from my friend, Ms. Sarah Bloom Raskin, the Commissioner of the Maryland office of Financial Regulation, who has been a determined advocate for the citizens of my district and all of Maryland.

She is a veteran of both public and private banking issues and policy, having been an attorney with the Federal Reserve, the Senate Banking Committee, and most recently with the consulting firm Promontory Financial Group.

She has spearheaded Maryland’s aggressive tactics to address foreclosures, including our State’s efforts to lengthen the foreclosure timeline to provide borrowers with time to find a solution, and to work with loan servicers to encourage modifications. She has performed outreach at all levels.

Just last month, she appeared with me at a forum in my district to discuss financial services and the TARP program with my constituents.

She has also been working hard to combat the fraud and abuse that helped create the problems we have today.

Maryland has imposed an affirmative duty of good faith and fair dealing on our mortgage professionals.

I feel strongly about this last point – this requires that servicers offer *only those* transactions which provide a tangible net benefit to the borrower.

One of the themes of today's hearing is the need for tough statutes and effective enforcement.

In Maryland, we've passed the Maryland Mortgage Fraud Act, explicitly making mortgage fraud a specific crime, and giving direct enforcement authority to Ms. Raskin's office.

The Act also creates an affirmative obligation for all mortgage brokers and lenders to report cases of fraud, theft, or forgery.

More recently, her office has seen the emergence of these so-called foreclosure or loss mitigation consultants. These scam artists charge high up-front fees to vulnerable consumers to supposedly help them have loans modified.

Too often, these efforts result in both wasted money and wasted time. Ms. Raskin's office has already recovered more than \$50,000 for consumers.

In my district, and on my own street, folks are struggling to stay in their houses. I've got an employee at my district office that spends 100% of her time helping constituents with mortgage problems. She's doing all she can, but we could only make limited progress without the efforts of Ms. Raskin and her counterparts around the country.

I commend the Committee on the work done to represent all taxpayers, and I know Ms. Raskin and the Maryland Office of Financial Regulation show how proactive and effective regulation at the state level is critical to protecting our residents.

I thank the Committee for inviting her to testify and again applaud the tireless leadership of Chairman Barney Frank.